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General Assembly

FORTY-SIXTH SESSION

Official Records

FIFTH COMMITTEE
42nd meeting
held on
Tuesday, 26 November 1991
at 3 p.m.
New York

SUMMARY RECORD OF THE 42nd MEETING

Chairman: Mr. MUNTASSER (Libyan Arab Jamahiriya)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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Section 23. Economic Commission for Africa (continued)

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Distr. GENERAL
A/C.5/46/SR.42
4 December 1991

ORIGINAL: ENGLISH

The meeting was called to order at 3.20 p.m.

AGENDA ITEM 114: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/46/11 and Add.1 and Add.2/Rev.1)

1. Mr. ZARIF (Islamic Republic of Iran) said that developments in the world community, including structural adjustment and new international and regional political issues directly affecting the economic situation of many countries, must be considered when reviewing the scale of assessments and the methodology for its calculation. Real capacity to pay was the fundamental criterion for determining the scale of assessments. However, while national income served as the basis of the current methodology, other factors that were also important to a more precise determination of a country's capacity to pay should not be neglected. His delegation fully supported the continued application of the scheme of limits, which could reduce excessive fluctuations in the rates of assessment of Member States. With regard to the statistical base period, his delegation could not concur with the observations of the Committee on Contributions. Structural adjustments in some national economies required a shorter, three-year base period.

2. Of the various factors not considered but which were very important to the economies of Member States and which might have an adverse impact on their gross national product, one crucial issue was the effective rate of exchange, which should be the basis of calculation. The Islamic Republic of Iran had announced three major exchange rates - an official rate of exchange, a competitive rate of exchange and a free, or parallel, market rate of exchange - which had been verbally confirmed by the International Monetary Fund; but only the official rate of exchange (the 1981 rate calculated by IMF) had been used as the conversion factor in computing the national income. That rate could not truly indicate his country's capacity to pay unless other rates were taken into account. His delegation was surprised that the Committee on Contributions could accept the exchange rates provided by some Member States and reject those from others.

3. Furthermore, many developing countries were exporting the natural and non-renewable resources which constituted their wealth. Only the part of those resources which produced income through productive investment should be considered as national income. For that reason, the national income of raw-materials-exporting countries should be adjusted on the basis of their income consumption behaviour. Since the exploitation of natural resources had destructive effects on the environment, an adequate means of evaluating those effects and their future costs in developing countries must be included in the methodology.

4. The current methodology also did not consider man-made and natural disasters affecting the national wealth of Member States. Ad hoc adjustments in the machine scale did not overcome that defect. His delegation believed that such impacts on a national economy should be a main and separate criterion in the methodology, rather than part of the mitigation process.

(Mr. Zarif, Islamic Republic of Iran)

5. The Islamic Republic of Iran was currently in special circumstances, caused first of all by the tremendous damage of eight years of an imposed war. In that connection, he referred the members of the Committee to the report of the team of experts which had carried out an exploratory mission in the Islamic Republic of Iran in pursuance of paragraph 7 of Security Council resolution 598 (1987). The report (S/22863) documented the heavy cost of the war to the country in human and material terms and noted in particular that the damage to its infrastructure was so extensive that it would take several years to bring services and production to the levels that had prevailed at the outbreak of the war (para. 24). The Iranian Government's estimation of losses was about $1,000 billion. Given the constant increase in his country's rate of assessment, it was doubtful whether the Committee on Contributions had ever considered those realities.

6. The situation had been further exacerbated as a result of the enormous flow of Afghan and Iraqi refugees into the Islamic Republic of Iran, which had thus become the primary host country for almost 4.2 million refugees. Estimating that the daily expenses for each refugee were about $10, the financial burden represented some $15.2 billion a year. During the recent influx of Iraqi refugees, his country had spent about $2.7 billion in six months. Compared with that tremendous burden, the volume of international assistance had been too small and, according to some reports, amounted to only one tenth of that received by other neighbouring countries.

7. Moreover, natural disasters such as earthquakes and floods had caused extensive damage. A massive earthquake on 21 June 1990 had destroyed 4 towns and 375 villages and had claimed hundreds of thousands of lives. According to a recent report by the World Bank, the earthquake damage to the economy was estimated at about 2.5 per cent of the gross domestic product.

8. Regrettably, none of those pressures on his country's economy had been taken into account by the Committee on Contributions. The current methodology for calculating the scale of assessments was unfair and inadequate since it did not consider all relevant factors. His delegation called for changes in the methodology and could not accept the recommended scale. It would continue to negotiate that issue in informal consultations.

9. Mr. ALI (Chairman of the Committee on Contributions), responding to questions raised in the discussion of agenda item 114, said that the Committee on Contributions took its responsibilities very seriously and tried hard to live up to the expectations vested in it. Although the results of its work had been challenged often, it treated those challenges both as a fact of life and as an encouragement to try to solve as many of the issues as possible. It had made every effort to follow the General Assembly's instructions in preparing the new scale of assessments, including the request for greater transparency.

(Mr. Ali)

10. He had taken due note of the criticism expressed by some delegations with regard to the ad hoc adjustment process. In response to requests for an explanation of the process beyond that contained in the Committee's report, he wished to point out that, notwithstanding the specific criteria adopted by the General Assembly to serve as a guide, the complex adjustment process probably could never be free of all ambiguity. In fact, the criteria themselves were somewhat ambiguous and open-ended. The Committee had made its decisions in the context of rather dramatic historical events and with a single donor willing to provide about two thirds of the points available for the latest mitigation process. The Committee had attempted to distribute the available points as judiciously as possible but had not arrived at its recommendations easily. Some of its members had expressed serious reservations about the volume of points involved and the justification for their allocation. He none the less cautioned against the categorical abolition of ad hoc adjustments as it was doubtful that the methodology could ever be modified in such a manner as to produce acceptable results for all Member States at all times. He did not himself like the process but some modification of the machine scale, however limited, might always be required in the effort to best approximate States' capacity to pay.

11. The quantification of capacity to pay was, of course, the basic mission of the Committee on Contributions and it was a task in which the subjective perception of individual Member States was confronted with an imperfect methodological tool and the inherent need to account for individual circumstances. Despite the long-standing and valid calls for the refinement of the methodology, it had to be recognized that no set of universally available and comparable data could be expected to capture all qualitatively significant aspects which, ideally, should be considered. Regarding the need to explore other indicators, it would be recalled that the Committee on Contributions had devoted many of its sessions in the early 1980s to elaborating a variety of proposals; all of them had revealed conceptual flaws or data problems, and none had been acceptable to the General Assembly.

12. The use of realistic exchange rates was an aspect of the methodology which was improving gradually as more and more Member States became members of the International Monetary Fund and had freely convertible currencies. The day when price-adjusted rates of exchange (PARE) could be applied universally was not far off, given recent events and the declared intentions of some Member States, but until then it would still be necessary to resort to multiple solutions.

13. With regard to the scheme of limits, he could only reiterate that a number of alternatives had been carefully considered by the Committee but none of them eliminated distortion or had the desired effect of only increasing the rates of assessment of developed countries and decreasing those of developing countries. The effects of the various alternatives were shown in annex VI of the Committee's report (A/46/11).

(Mr. Ali)

14. As in the past, reactions to the proposed scale of assessments ranged from enthusiastic support to outright rejection. However, he was sure that a balance between those two extremes would emerge from the informal consultations, as would instructions for the future work of the Committee on Contributions.

15. Mr. WORONIECKI (Poland) paid a tribute to the Chairman of the Committee on Contributions for the exceptional diplomatic skills, perseverance and profound commitment he had displayed while serving for over 25 years in that capacity. He requested the Acting Under-Secretary-General for Administration and Management to suggest a suitable manner in which to commemorate his invaluable services at Headquarters.

16. The CHAIRMAN endorsed the views expressed by the representative of Poland.

AGENDA ITEM 116: UNITED NATIONS COMMON SYSTEM (continued) (A/46/30, A/46/275; A/C.5/46/28, A/C.5/46/31, A/C.5/46/33, A/C.5/46/35 and A/C.5/46/45)

AGENDA ITEM 117: UNITED NATIONS PENSION SYSTEM (continued) (A/46/9 and A/46/614; A/C.5/46/15, A/C.5/46/31, A/C.5/46/33 and A/C.5/46/45)

17. Mr. AITKEN (Chairman of the United Nations Joint Staff Pension Board) said that he was grateful for the general appreciation expressed for the efforts of the United Nations Joint Staff Pension Board to reach conclusions and recommendations on the difficult issues before it on the basis of consensus. The Board's recommendation on a modification of the pension adjustment system reflected the results of a detailed and often contentious debate during the past two years among its three constituent groups and within each group. The Board had always been mindful of the concerns of Member States regarding the cost of any modification and at the same time had recognized the need to safeguard the financial health of the Fund and to respond to the problems caused by the declining value of pensions in certain countries resulting from currency fluctuations. The Board had clearly recognized the need to monitor closely the future costs of its proposal, if adopted. In deciding against recommending an increase in the rate of contribution at the current stage, it had recognized the concerns of Member States regarding costs, which had been reinforced by the observations of ACABQ in paragraph 22 of its report (A/46/614) and by the support expressed by several delegations, to the effect that the Board should consider "fine tuning" the modification if that became necessary to limit its cost. As to the specific suggestion that changes should be made in the "120 per cent cap" provision, he noted that the consensus reached by the Board had included an agreement to study possible changes in the provision and to study the operation of the special index for pensioners and the applicability of the proposed modification to General Service staff. With those considerations in mind, he hoped that approval of the Board's consensus proposal would be reflected in the resolution which the Committee would recommend for adoption by the General Assembly.

(Mr. Aitken)

18. He welcomed the support expressed for the step-by-step approach agreed upon by the International Civil Service Commission (ICSC) and the Board concerning the comprehensive review of the pensionable remuneration and pensions of General Service staff. In view of the wide differences of views on the current methodology and on the various alternatives examined by the two bodies, thorough consideration must be given to all alternatives before any definitive action could be taken, bearing in mind the need to analyse not only the technical aspects of any recommended methodology but also its impact on the unity and coherence of the international civil service. The views expressed in the Committee, the decision it would take in its resolution on the subject and the analysis of the results of the various studies would form the basis for the formulation in ICSC and the Board of a reasonable and just solution.

19. As to the pensionable remuneration of ungraded officials, the Board intended to make definitive recommendations on any necessary amendments to the Fund's Regulations as soon as the key issues relating to the methodology for determining that remuneration had been resolved. The Board was awaiting the reaction of the General Assembly and other governing bodies to the methodology recommended by the Commission before suggesting changes to the Fund's Regulations. Once the General Assembly had adopted a position on the issue, presumably at its current session, that decision would serve as a basis for future consideration of the matter, since the Assembly alone had the responsibility to effect changes in the Regulations.

20. He had been asked to explain the reasons behind the tacit recognition by the Board of the longevity/merit steps introduced by the International Labour Organisation (ILO) and the World Health Organization (WHO). ICSC had recommended that the additional salary steps, which had been considered as pensionable since their introduction many years earlier, should be replaced by one-time non-pensionable cash awards to reward merit. The Board's conclusion had not involved justification of the existence of such additional steps, but rather, continuation of the long-standing tacit recognition of the pensionability of the additional salary amounts, pending the responses of the two organizations to the Commission's recommendations and to the request of the General Assembly that they take the necessary measures to bring their salary scales into line with those of the other organizations of the common system. Since pensions were determined on the basis of salaries, the Board had felt that it should await action on salaries before pursuing any changes in the definition of pensionable remuneration in the Fund's Regulations.

21. The Fifth Committee and the General Assembly had consistently underscored the need to maintain the unity, coherence and integrity of the United Nations joint staff pension system. That in turn required the careful weighing of the interests of all parties concerned in arriving at decisions on pension issues.

22. On behalf of the Acting Under-Secretary-General for Administration and Management, he expressed appreciation for the positive comments by delegations regarding the performance of the Fund and the management of its investments.

AGENDA ITEM 107: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1992-1993 (continued) (A/46/6/Rev.1 and A/46/7)

First reading (continued)

Section 23. Economic Commission for Africa (continued)

Translation and interpretation services in the Economic Commission for Africa (continued) (A/46/7/Add.1)

23. The CHAIRMAN suggested that, on the basis of the note by the Secretary-General on the review of translation and interpretation services for all official languages in the Economic Commission for Africa (A/C.5/46/19) and the recommendations of ACABQ relating thereto (A/46/7/Add.1), the Committee should approve the Secretary-General's proposals as endorsed by ACABQ. He also suggested that the Committee should recommend that the General Assembly should request the Secretary-General to submit a report on the subject at its forty-seventh session, taking into account the comments of ACABQ on the question of interpretation services, as well as the views of delegations.

24. It was so decided.

The meeting rose at 4.10 p.m.

A/C.5/46
/SR.43

UNITED NATIONS

General Assembly

FORTY-SIXTH SESSION

Official Records

FIFTH COMMITTEE
43rd meeting
held on
Friday, 29 November 1991
at 3 p.m.
New York

SUMMARY RECORD OF THE 43rd MEETING

Chairman: Mr. MUNTASSER (Libyan Arab Jamahiriya)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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AGENDA ITEM 116: UNITED NATIONS COMMON SYSTEM (continued)

AGENDA ITEM 117: UNITED NATIONS PENSION SYSTEM (continued)

ORGANIZATION OF WORK

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Distr. GENERAL
A/C.5/46/SR.43
5 December 1991

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The meeting was called to order at 3.30 p.m.

AGENDA ITEM 116: UNITED NATIONS COMMON SYSTEM (continued) (A/46/30 and A/46/275; A/C.5/46/28, A/C.5/46/31, A/C.5/46/33, A/C.5/46/35 and A/C.5/46/45)

AGENDA ITEM 117: UNITED NATIONS PENSION SYSTEM (continued) (A/46/9 and A/46/614; A/C.5/46/15, A/C.5/46/31, A/C.5/46/33 and A/C.5/46/45)

1. Mr. BEL HADJ AMOR (Chairman of the International Civil Service Commission) expressed appreciation for the Committee's strong endorsement of the role of the International Civil Service Commission (ICSC) as the central body mandated to coordinate conditions of service in the common system. While the General Assembly had reaffirmed the Commission's central role on a number of occasions, it was important to reiterate that view to ensure that any further erosion of the common system was arrested. The Commission endeavoured to take into account the different goals and operational requirements of the various organizations. If Member States, executive heads and ICSC worked together in a spirit of cooperation, the goal of a common system in which all staff were treated on an equal basis could be realized.

2. The Committee's endorsement of the Commission's attempts to strengthen its role as an independent technical body was heartening. Yet ICSC could only be as strong and as independent as Member States, the organizations and the staff bodies wished it to be, since without their full cooperation the Commission would not find it possible to fulfil its mandate with the required objectivity, impartiality and independence.

3. Referring to the suggestion that the Commission's secretariat should have totally independent conditions of service so as to ensure impartiality in the preparation of ICSC studies which affected the conditions of service of some 50,000 common system staff members around the world, he said that there would be practical disadvantages. In any event, the Committee could rest assured that the ICSC secretariat was performing its functions objectively, impartially and with integrity.

4. The General Assembly, in its resolution 44/198, had approved the establishment of a floor net salary level for staff in the Professional and higher categories by reference to corresponding base net salary levels of comparable officials in the base city of the comparator civil service. The introduction of the base/floor salary scale concept had also affected some of the allowances which were determined by reference to base salaries. At its August session, the Commission had found justification for recommending an upward adjustment to the scale of 8.6 per cent. An informal note was available explaining the rationale underlying the Commission's recommendation and the cost implications by sources of funds.

(Mr. Bel Hadj Amor, ICSC)

5. The suggestion that the salary increase received by the Senior Executive Service in the comparator country had affected the remuneration of all Professional staff in the United Nations system was erroneous. United Nations salaries in New York, the base of the system, were not adjusted in accordance with movements in United States federal civil service salaries, but changed whenever a post adjustment increase fell due as a result of cost-of-living changes and was granted subject to margin range considerations. The January 1991 increase in Senior Executive Service salaries had merely resulted in a reduction of margin levels at the P-5 to D-2 levels, which, in turn, had resulted in a slight reduction of the overall margin figure. Further details of the latest grade equivalency study were available if required.

6. The inflation assumptions used by the Commission must be treated with caution. The projections of post adjustment and consequent margins could be recalculated using alternative inflation assumptions. The rule of thumb was that when inflation exceeded the comparator's salary increases only slightly, the probability of the margin exceeding the 120 limit was low, whereas if inflation greatly exceeded the comparator's salary increases, then there would be a high probability of the margin exceeding the upper limit of the range, with a consequent freeze on remuneration.

7. Lastly, regarding the pensionable remuneration of ungraded officials, ICSC had not been provided with the calculations used by the different organizations. The Commission had made recommendations, in paragraph 71 of its report (A/46/30), for the regularization of the procedure for determining the pensionable remuneration of ungraded officials on a common system basis.

ORGANIZATION OF WORK

8. Mr. O. B. ANDERSEN (Denmark) said that the Committee was not carrying out the important tasks assigned to it as it should. Specifically, the Committee had no comprehensive plan of work for its meetings, which were frequently announced late, without a clear indication of which items would actually be taken up. In informal consultations there had been much discussion of matters that did not address the core problems. The late issuance of documentation had also hindered delegations in their work. The general confusion was illustrated by the rumour currently circulating that the Committee might not end its work by the Christmas holiday. Accordingly, he proposed that the Bureau should prepare a plan of work for the remainder of the session, even if it was subject to change.

9. Mr. DELCORDE (Belgium) said that he fully supported the views of the representative of Denmark. It was of particular importance for the Committee to have some idea in advance of how its activities were to be scheduled if it was to complete its work on time.

10. Mr. BELHAJ (Tunisia) said that his delegation, while not attributing any fault to the Bureau of the Committee, was concerned about the manner in which meetings were announced and decisions were taken, as evidenced by the hasty approval of the budget outline at the forty-fifth session. He agreed that a plan of work for both formal and informal meetings would assist the Committee.

11. Mr. SPAANS (Netherlands) said that any such plan of work would need to be based on the expected date of conclusion of specific items and on agreement on draft resolutions. In practice it was very difficult to say that consultations on a specific item would end on a particular date. Adoption of such a plan of work presupposed agreement on deadlines for the end of consultations and the adoption of draft resolutions.

12. The CHAIRMAN said that those issues were also of great concern to him. The Committee was attempting to adhere to its tentative programme of work, but reaching a consensus took time. Despite holding informal consultations almost every day, the Committee had not yet concluded even a single item. The Bureau would meet to discuss the situation. With regard to the uncertainty as to which items were to be taken up in formal meetings, he trusted that the coordinators would be able to keep delegations abreast of changes that needed to be made to accommodate priority items, such as consideration of the programme budget. It should also be understood that the Committee's progress depended on the availability of documentation and on the state of preparedness of delegations and departments. In that connection, he appealed to all delegations to expedite the work of the Committee.

The meeting rose at 4.10 p.m.